Commander Navy Installations Command MWR Update

Presented to:

Fitness Managers Meeting
Orlando, FL
26-27 November 2007

Highlights - Fitness Initiative

- FY 07 No-cost fitness center access for DOD civilians
- Family Fitness locations and program hours established
- Cross Functional Team – Personal readiness, over 40
- Youth Fitness certification for MWR & CYP personnel
- Youth Fitness programs at 4 OCONUS and 10 CONUS sites
  - Target all installations – dedicated space & programs by FY 08

Fitness MILCON

	FY 08	FY 09
Location	**Guam**	**GTMO Newport Pearl Harbor**

Fitness Center Compliance with DOD Standards

	FY 05	FY 06	FY 07
No. of facilities that meet standards	**18**	**51**	**107**

Library Program

Navy Libraries meeting OSD Standard

FY 05	FY 06	FY 07
0	4	8

Ships Under Construction Assistance

FY 05	FY 06	FY 07
6	5	9

Library is Core Program -

- Must be resourced prior to CAT B's

Largest issue in other 20 libraries meeting standards is availability of MLS Librarians

- Will review use of contracting in FY 08

FY 07 Accomplishments

CNO Professional Reading Program fully deployed

12,000 digital books distributed to combat AOR and Bahrain (GWOT resources)

Assisted NAVSEA with outfitting XXX ships

Afloat LMRC equipment upgrades and book delivery on-board ships robust

MWR Alignment to CNIC Strategic Plan

FY 08

- **Apply NMETS Output Measurement**
  - MWR Program Standards
- **Preparedness for Disasters**
  - Minimum of two simulation events annually
  - Will meet goal in FY 08
- **Lean Six Sigma Implementation**
  - Objective: reduce overhead and increase efficiency
    - HQ initiated two Rapid Improvement Events (UFM & NAF Vehicle Management) w/completion Oct 2007
    - Footprint Reduction & Services Consolidation now on drawing board, Q1 implementation

MWR FY 08 Business Plan Summary

Key Elements

- Focus on Core Programs
- MWR User Fee Review region input due - Dec 2007
- Individual Augmentee support – on going
- Food Service Assessment way ahead - Nov 2007
- NEX Partnerships – CNIC MWR-NEX Meeting Sep 2007
- Stretch Goals

MWR FY 08 Business Plan

- Focus on Core Programs
  - Refine APF Pricing and Allocation Model
  - Fitness Centers of Excellence
    - Improve professionalism in support of physical readiness
    - promote healthy life styles for Sailors
  - Liberty Center renovations

MWR FY 08 Business Plan

MWR User Fee Review

- Why Uniform Pricing Methodology?
  - Consistent MWR Fees & Charges across Enterprise
  - Move towards Child Youth Program approach
  - NEX models 20-25 % discount from private sector
  - Some programs have rank based fees (golf & lodging)

- Two Pricing Approaches
  - Cost-Plus (fees cover all costs and meet profit standards/goals)
  - Market-Based (check on competition & stay within 25%)

- Plan
  - Gradual price adjustments over three years, if required
  - Annual survey of competition (private sector & other local military)
  - Target 75% of average competitor price as goal, ensuring all costs are covered first
  - When using tiers: E1-E5, E6-O10, DOD Civilians, Guests
  - When using flat fees, DOD Civilians and Guests pay more than military personnel

MWR FY 08 Business Plan

- Individual Augmentee Support
- Food Service Assessment – Way ahead
  - Survey review and analysis – NOV 07
  - Plan of action and milestones – NOV 07
- NEXCOM Partnerships – Way Ahead
  - Continue food service partnership-13 outlets opened since FY 06
  - Explore back shop, contracting, lodging opportunities – SEP 07

Program Specifics

Deployed Forces Support Initiatives

Enhanced Deployed Forces Support for Fleet Units and Ground Forces within the 5th Fleet AOR

- Program and Logistical Specialist
- Holiday Package delivery -5th Fleet AOR
  - Ground – 11,000
  - Afloat- 9,000

Afloat Civilian Program

- Fun Boss and Fit Boss – continued recruitment
  - Billets Required: 54
  - Billets Funded : 42 Filled: 35 Vacant: 12
- Expansion of the Waterfront Fitness Specialist Pilot Program
  - Billets Funded : 2 Filled: 2 Additional Billets Required: 14

Performance Assessment for Fleet Recreation Program

- Norfolk and San Diego – Fall 2007
- Target group: 10 ships each coast/ at least 2,ooo Sailors
- Outcome expected: Ensure program delivers what Sailors deem important

Institute Basic Navy Fitness and Group Exercise Certification pilot program for Fleet Sailors to assist Shipmates

- Target – 100 personnel certified in FY 08 on 50 Small Ships and Submarines crews
- Program Starting Date: March 2008

Navy Fitness Initiatives

DOD Fitness Standards 2007 Results

- 75 Activities reported 111 fitness facilities 107 fitness facilities met DOD Standards
- 72 out of 75 installations met DOD Fitness Standards
- 100% Compliance with DOD Fitness Standards

Focus to maintain same results for 2008

Nutrition

- Performance Enhancement Dietitian
  - Currently recruiting- filled on or before 15 December 2007
- Navy Nutrition Now
  - Dietary Guidance Course – Partnering with Cooper Institute
    - Next course April 2008
    - Current instructor to offer course at least once a quarter

Performance Assessment for Fitness Program

- Norfolk and San Diego – Fall 2007
- Target group: 1,500 patrons at each location
- Outcome expected: Ensure program delivers what Customers deem important

Family & Youth Fitness

- Family Member Fitness Room
  - Space available on installation before end of 2007
- Family Fitness Programs & Program Area
  - Establish Family Fitness Hours at each MWR fitness facility complete with program
- Partnering with CYP to increase youth/teen fitness possibilities
  - Providing Youth Fitness Certification for MWR & CYP Personnel at 11 different installations
  - Assisting CYP with Youth Fit Factor

Fitness Cross Functional Team (CFT)

Establish Fitness Readiness Development Center

- One location to address and handle all fitness issue and concerns
- Provide consistent message across the Enterprise
- Current target location- Washington Navy Yard

Conduct Fitness Program Assessment

- Utilize DOD & Navy Fitness Program Standards to include financial data.
- Goal is to provide baseline program assessment for future funding
- Launch 1st Quarter of FY08

Enterprise wide Fitness Program Development and Standardization

- Staff education- Increase capabilities
  - Advanced Navy Fitness Personal Trainer Course to be launch 2nd Quarter of 2008
  - Will be required training for all Navy Fitness Specialists
- Mobile Fitness Training Team
- Virtual training and ongoing feedback capability for the field on or before FY10

Achieving Proper Alignment for Navy Fitness

More to follow in the Future

Family & Youth Fitness

- Provides dedicated work-out space (especially for spouses of deployed personnel)
- Establishes Family Fitness Hours at each MWR facility
- Partnering with CYP to increase Youth/Teen participation
  - Youth Fitness Certification for MWR & CYP personnel
  - Youth Fitness programs at 4 OCONUS and 10 CONUS sites
  - Target all installations – dedicated space & programs by FY08

Motion Pictures

- Role expanded to Individual Augmentees
  - Theater in a Box, CASI foundation for deployed forces
- Transition process to encrypted digital format.
  - Contract awarded for Encrypted DVD Player July 07
  - 30 to 50 Shore test sites Jan 08
  - Full transition plan begins June 08
- Continue to distribute
  - 16 movies per month.
  - 30 FROST (First Run Overseas) features for OCONUS theaters.
- Maintain onboard movie library of 750 – 800 titles
- Retain early window availability.
  - Navy average 30-60 days prior to home video
- Revision to operating standards in review: 5% net profit

Library Program

- Attain an overall 95% compliance with core DoD Library Standards.
  - Libraries that met standards: FY 07 8 FY 06: 4
  - Overall Compliance: FY 07 93% FY 06: 89%
- Keep resources up to date
  - Vet outdated information
  - E-Content, audio books title increase
- Play-a-way Books *(new service)*
  - self contained, battery-operated audio books the size of a credit card, 30,000 ready to ship
- MLS Hiring –developing contract option

Liberty Program

- Improve Navy Liberty Centers
  - Identify Resources
  - Establish Prioritization {Figure of Merit (FOM)} Criteria
  - Conduct Assessment (Local)
  - Assessment Results Measured Against FOM Criteria
  - Develop Priority List
    - Most Critical Deficiencies Ranked Highest
  - Execute Construction/Renovation Plan

- Partnership with Association for Promotion of Campus Activities (APCA)

Category B/C Uniform Pricing Method

- Combine Two Pricing Approaches – DEC 07
  - Cost Plus (fees cover all costs and meet profit standards/goals)
  - Market Based (check off-base competition & stay within 75%)
- Why Uniform Pricing Methodology
  - Consistent MWR Fees & Charges across Enterprise
  - 20-25% Discount From Private Sector
- Plan
  - Price adjustments gradually over three years where required
  - Annually Survey Competition (private sector & other local military)
  - Target 75% as goal, ensuring all costs are covered first
  - When using rank tiers: E1-E5, E6-O10, DoD Civs, Guests
    - Retirees are Charged the Rate of the Rank They Retired
  - When using flat fees, DoD Civs and Guests pay more than military

Individual Augmentee (IA)

- 10,000 IAs (1,250-2,300) Navy IAs Training at 9 Army/National Guard Locations
- CNIC/Regions
  - Work with ECRC to Identify Top Support Priorities
  - Conduct On-Site Visits: Camp Shelby (MS), Ft. Jackson (SC), Ft. Bragg, etc.
  - Providing Internet Access and Recreation Equipment
  - Provided Excess Vans, Rec Trailers, Deployment Kits, TIBs, etc.

NFS Survey and Assessment Goals and Objectives

- Develop a coherent, optimized Navy enterprise-wide Food Service Master Plan to ensure a balance between quantity and type of food service offerings while reducing costs and exceeding afloat and ashore customer expectations
- Provide framework for ESC to develop strategic roadmap… provide Regional and Installation Commanders tools to develop tactical plans and execute
- Review all food operations at an installation…ensure appropriate balance… optimize food service venues and support infrastructure
- Inventory and assessment methodology piloted by CNRNW

Food Service Survey and Assessment

- Three components:
  - Food Service Master Plan (Inventory Tool)
    - Survey all food service operations…MWR, NEX (direct run and name brand franchise), Galleys, Civilian Recreation Fund and Auxiliary Resale Outlet (ARO) activities
  - Customer Satisfaction Survey
    - CFI Group conduct customer satisfaction survey-Galley and Recreational Feeding (CNIC-MWR and NEXCOM)
    - Results summarized by region and installation
  - SWOT Analysis
    - Assess and analyze results, using survey/assessment methodology and tools to develop recommendations, options and proposed course of action for Regional Commander/Installation CO review

Plan of Actions

	Target Completion
• ESC finalize NFS Survey and Assessment Methodology plan of action and timelines	**Complete**
• Provide inventory and assessment methodology and tools to Regional Commanders (N9)	**Complete**
• Regional Commanders establish cross-functional Food Service Survey and Assessment Teams	**Complete**
• Complete Navy-wide food customer satisfaction survey	**Complete**
• Regions develop recommendations based on Survey and Assessment	**Complete**
• Regions present Food Service Assessment Reports to FS-OAG Working Groups (CINC F&B Conference)	**Complete**
• Regions develop tactical plans for implementation	**Continuous**

Recreation

Marina, Bowling Programs

- Develop Bowling Manager's Certification Program
- Develop Marina Manager's Certification Program

Golf Program

- Advance Golf Superintendent's Certification Program
- F&B Training for Golf Course Managers
- Partner with PGA on Juniors, Women and Disabled Programs

Recreation Lodging

- Deploy electronic reservation system, partner with NEX on housekeeping, soft goods, acquisition, expertise

Recreation

Entertainment

- Provide Celebrities/Entertainment/Goodwill Tours at Navy MTFs
  - Bedside (OIF/OEF Wounded)
- Musical Diversity improvements
  - Latino/Urban/X-Games/UFC
- More Joint Navy/Armed Forces Entertainment Tours
- ATT Sponsored Comic on Duty Tour (CONUS)
- Matching Grant Program (50/50 up to $2.5K)

NEX Partnerships

- Common ground on UT issue
- Administrative costs reduction
  - Landed cost-surcharges
- Lodging related common costs and practices
- STAR Card – Debit reader
- Food Service outsourcing

Stretch Goals

- Focus on long term customer satisfaction, long-term cost containment, program standards :
  - Partnerships with NEX
  - Energy conservation in new NAFCON
  - Meeting OSD Standards
  - Lean Six Sigma (2 projects per region-HQ)

FY-08 MWR Financial Plan
Current Financial Environment

MWR will generate positive net income and strong cashflow for re-capitalization in FY-08

- NAF Capital Funding Strategy energizing Capital Spending
- FY07 GWOT provides critical program support
- Lingering effect from elimination of NAF Bridge
- Overall APF funding for MW and CYP increasing slightly from FY07 to FY08
- Rising NAF Costs for utilities and benefits
- Declining NEX 70/30 Guaranteed Dividend
- Region Consolidation affects Gaining Regions

FY 08 challenges

- Utilities costs
  - End surcharge on utilities
    - working with CNIC N4, NAVFAC, OPNAV N4, MWR-NEX BOD
- Implement Food Service Assessment action plan
  - Region support essential
  - Partnership with NEX-others helps support customer desires
- NEX dividend downward trend

FY-08 MWR NAF Financial Plan
CONSOLIDATED INCOME STATEMENT

	FY-06 Actual	FY-07 Plan	FY-06 Actual vs FY-07 Plan	FY-07 Proj.	FY-07 Plan vs FY-07 Proj	FY-08 Plan	FY-07 Proj. vs FY-08 Plan
Revenue							
Resale Revenue	$ 134,182,003	$ 137,789,027	2.7%	$ 135,565,437	-1.6%	$ 136,728,335	0.9%
Program Revenue	$ 234,357,658	$ 214,031,615	-8.7%	$ 196,640,977	-8.1%	$ 194,672,077	-1.0%
Commission Revenue	$ 8,302,106	$ 8,729,026	5.1%	$ 9,425,421	8.0%	$ 9,937,759	5.4%
Other Revenue	$ 62,092,256	$ 53,434,517	-13.9%	$ 65,839,258	23.2%	$ 54,350,838	-17.4%
Total Operating Revenue	**$ 438,934,023**	**$ 413,984,185**	**-5.7%**	**$ 407,471,093**	**-1.6%**	**$ 395,689,009**	**-2.9%**
Expenses							
Salaries and Benefits	$ 311,578,822	$ 307,317,079	1.4%	$ 311,039,697	-1.2%	$ 327,419,056	-5.3%
Cost of Goods Sold	$ 116,339,590	$ 85,659,153	26.4%	$ 74,765,739	12.7%	$ 70,000,454	6.4%
Contracts and Supplies	$ 109,522,964	$ 103,201,715	5.8%	$ 87,000,551	15.7%	$ 79,337,150	8.8%
Depreciation	$ 41,978,670	$ 41,395,049	1.4%	$ 42,438,826	-2.5%	$ 40,782,190	3.9%
Maintenance and Utilities	$ 21,299,290	$ 18,395,525	13.6%	$ 21,294,900	-15.8%	$ 21,575,631	-1.3%
Marketing/Awards	$ 25,122,745	$ 24,842,504	1.1%	$ 25,954,559	-4.5%	$ 24,727,742	4.7%
FY07 GWOT Expenses				$ 33,184,000			
Other Expenses	$ 49,201,998	$ 22,934,676	53.4%	$ 46,703,176	-103.6%	$ 35,813,825	23.3%
UFM Labor/Non Labor	$ (203,423,874)	$ (163,305,368)	-19.7%	$ (173,568,047)	6.3%	$ (178,252,658)	2.7%
FY07 GWOT UFM Labor/Non Labor				$ (33,184,000)			
Net NAF Expenses	**$ 471,620,205**	**$ 440,563,216**	**6.6%**	**$ 435,629,401**	**1.1%**	**$ 421,403,390**	**3.3%**
Operating Income	**$ (32,686,182)**	**$ (26,579,031)**	**18.7%**	**$ (28,158,308)**	**-5.9%**	**$ (25,714,381)**	**8.6%**
NEX Dividends - Region	$ 33,043,099	$ 21,430,400	-35.1%	$ 21,306,879	-0.6%	$ 21,570,444	1.2%
NEX Dividends - Central	$ 6,893,679	$ 7,000,000	1.5%	$ 6,958,336	-0.6%	$ 5,000,000	-28.1%
Net Income	**$ 7,250,596**	**$ 1,851,369**	**-74.5%**	**$ 106,907**	**-94.2%**	**$ 856,063**	**700.8%**
Cashflow	**$ 61,664,489**	**$ 53,246,418**	**-13.7%**	**$ 52,545,733**	**-1.3%**	**$ 51,638,253**	**-1.7%**
NEX Dividends - Capital	**$ 9,300,000**	**$ 19,300,000**	**107.5%**	**$ 19,300,000**	**0.0%**	**$ 13,400,000**	**-30.6%**

Projected Direct MWR APF Support

FY-06 through FY-13

(Thousands)

MW	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
O&M. N	$208.734	$207.329	$209.668	$213.164	$225.226	$232.593	$234.698	$237.623
O&M. NR	$6.418	$6.648	$6.320	$6.503	$6.507	$6.561	$6.130	$6.201
Total MW	**$215.152**	**$213.977**	**$215.988**	**$219.667**	**$231.733**	**$239.154**	**$240.828**	**$243.824**
% Change from Prior Year		**-0.5%**	**0.9%**	**1.7%**	**5.5%**	**3.2%**	**0.7%**	**1.2%**

CYP	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
O&M. N	$93.755	$97.909	$103.567	$120.660	$124.111	$126.473	$128.737	$131.414
O&M. NR	$3.447	$3.189	$3.102	$3.188	$3.222	$3.249	$3.113	$3.155
Total CYP	**$97.202**	**$101.098**	**$106.669**	**$123.848**	**$127.333**	**$129.722**	**$131.850**	**$134.569**
% Change from Prior Year		**4.0%**	**5.5%**	**16.1%**	**2.8%**	**1.9%**	**1.6%**	**2.1%**

MW & CYP	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
O&M. N	$302.489	$305.238	$313.235	$333.824	$349.337	$359.066	$363.435	$369.037
O&M. NR	$9.865	$9.837	$9.422	$9.691	$9.729	$9.810	$9.243	$9.356
Total MW & CYP	**$312.354**	**$315.075**	**$322.657**	**$343.515**	**$359.066**	**$368.876**	**$372.678**	**$378.393**
% Change from Prior Year		**0.9%**	**2.4%**	**6.5%**	**4.5%**	**2.7%**	**1.0%**	**1.5%**

Data Source is DON FY09 Budget Submission (May 2007)

Direct APF (O&M,N and O&M,NR)

Fitness Center MILCON Program

FR09 Plan (TY$M)

Fitness Centers ((TY$M)	FY08	FY09	FY10	FY11	FY12	FY13	FYDP
NS Guam	45						45
NS Guantanamo		21					21
NS Newport		30					30
NS Pearl Harbor		45					45
NAS Jacksonville			27				27
NMMC Bethesda			25				25
NS Mayport			24				24
NAS North Island			47				47
NS San Diego			27				27
CBC Port Hueneme				19			19
NAS Fallon				18			18
NS New London				25			25
Norfolk NSY				16			16
NAS Whidbey				24			24
NS Coronado					20		20
NAS Corpus Christi					18		18
NAS Patuxent River					24		24
NAS Point Mugu					19		19
NAS Rota					24		24
Dam Neck						18	18
NSWC Indian Head						10	10
NAS Kingsville						10	10
NS Norfolk						18	18
NAS Oceana						4	4
NAS Pensacola						11	11
NS San Diego						8	8
NSG Sugar Grove						8	8
Total	**45**	**96**	**150**	**103**	**105**	**86**	**585**

- No changes in Fitness Center program from SPP

Child Development Centers MILCON Prioritized

- FY09
  - NAS Jacksonville — 302 Spaces — $12.9M
  - NAVSTA Pearl Harbor — 302 Spaces — $29.3M
  - NAF El Centro — 98 Spaces — $ 8.9M
  - NAS North Island — 302 Spaces — $14.3M
  - NAVSTA Norfolk — 302 Spaces — $10.5M
- FY11
  - NAVSTA San Diego — 302 Spaces — $12.2M
- FY12
  - NAS Patuxent River — 302 Spaces — $12.2M
  - NAS Whidbey Island — 200 Spaces — $ 9.9M
  - NAB Little Creek — 302 Spaces — $10.6M
  - NAVSTA Pearl Harbor — 302 Spaces — $35.0M
- FY13
  - WPNSTA Yorktown — 200 Spaces — $10.0M
  - NAS Patuxent River — 74 Spaces (Addition) — $ 3.1M
  - NSA Anacostia — 98 Spaces — $ 4.9M

TOTAL $178.7M — **3,086 Spaces (13 Ctrs)**

NSPS

- CNIC established Compensation Review Board (CRB)
  - Chair - CNIC ED Members - Regional ED's – senior rep if region has no ED
- CRB developing
  - Standard business rules
  - Pay pools
- HRSC's determining pay band conversion
- Locally: most important:
  - Review PD's for accuracy
  - Draft performance objectives

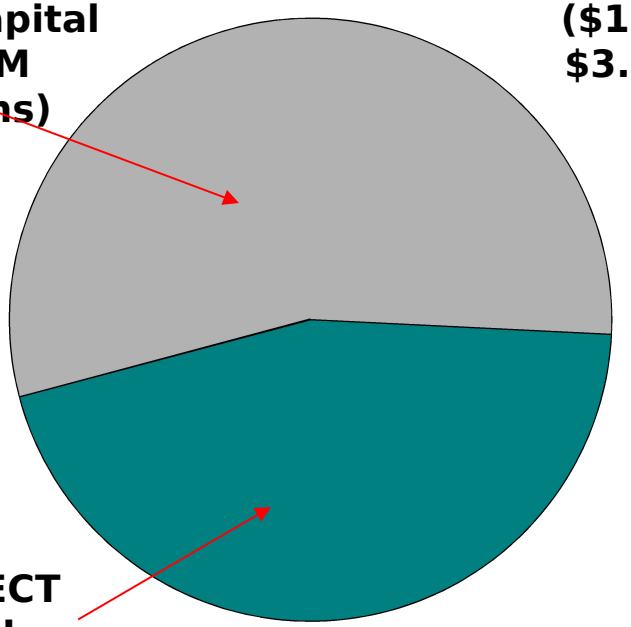
QUESTIONS?

Back-up Slides

MWR FY07/08 NEX 70/30 Guaranteed Dividend

FY-07

CENTRAL DISTRIBUTION $24.9 ($19.9M Capital and $5.0M Operations)



NEX DIRECT REGION DISTRIBUTION $20.4M

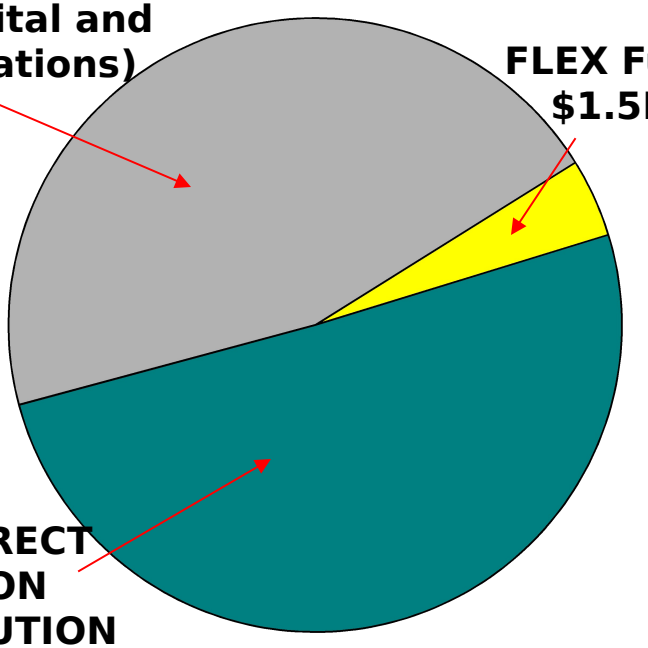
$45.3M Total NEX Dividend

*Approximately an additional $681K distributed directly to New Sanno and local MWR

FY-08

CENTRAL DISTRIBUTION $16.9 ($13.4M Capital and $3.5M Operations)

FLEX Fund $1.5M



NEX DIRECT REGION DISTRIBUTION $18.9M

$37.3M Total NEX Dividend

*Approximately an additional $648K distributed directly to New Sanno and local MWR